Press release from ASSA ABLOY AB (publ)

7 August, 1997, No. 12

Interim Report January-June 1997

- **Sales increased by 31% to 3035 MSEK (2316)**
- **The increase in sales for comparable units was 10%, for the US 12%**
- **Income before taxes increased by 51% to 225 MSEK (149)**
- **Cash flow before tax amounted to 239 MSEK (113)**
- **Profit per share increased by 35.2%**
- **Acquisitions of Elsafe, FAB and Abloy Security Pte Ltd**

Sales and result, January-June 1997

Sales during the first six months 1997 amounted to 3035 MSEK (2316), corresponding to an increase of 31%. For comparable units and in local currencies, the increase was 10%.

The Group's result before tax amounted to 225.2 MSEK (148.8), an increase of 51%. Profit per share for the first six months 1997 increased by 35.2% to 2.38 SEK (1.76). Profit per share has been calculated after full conversion and on the average number of shares. The average number of shares has been adjusted for the rights issue carried through during the period.

Cash flow before tax and company acquisitions amounted to 238.6 MSEK (113.0). The conversion of the working capital into Swedish currency has affected the cash flow calculation negatively by 55.6 MSEK, mainly due to the rise of the dollar up until the end of the first half of 1997.

Development of the subsidiaries

The Group's organic growth has increased during the second quarter, mainly due to an increase in the sales rate in the Nordic countries. ABLOY in Finland shows particularly good growth with help from the increase in new construction and increasing volumes for industrial and electromechanical products. Also, exports to the Baltic states and Russia continue to increase.

The units in Sweden now also show a good increase rate in spite of a weak construction cycle. The Norwegian units have been affected positively by the reorganisation that has taken place after last year's acquisition of Grorud and Møller Undall. The results increase according to plan and growth is good.

Ruko in Denmark and Ikon in Germany showed an increased sales rate during the second quarter. Ikon has through its thorough restructuring work been able to improve its competitiveness and thereby strengthen its market position in the present, weak German construction cycle.

The English units show good growth, partly due to the addition of Grorud which has strengthened the position within the customer area of door and window industry.

The US operations continue to show strong growth. Sales during the first half of 1997 increased by 12% compared to the same period in 1996. All units increase in both sales and result.

The newly acquired units in France have been consolidated and approx. one month's invoicing is included in the Group's sales.

After adjustment for the altered invoicing routines in the US, VingCard shows an increased invoicing rate of 10%. After the acquisition of Elsafe, the co-ordination of marketing activity and the service organisations has been initiated.

Important events

The acquisition of Vachette has been completed during the period. In order to finance the acquisition, a rights issue 1 to 10 has been carried through. The issue was subscribed to 99.8% and contributed 642 MSEK. The Multi-Currency Revolving Credit has also been increased from 250 MUSD to 500 MUSD.

The following acquisitions have been made after the first half of 1997:

- Elsafe, the world's leading supplier of electronic safes with sales amounting to approx. 140 MNOK
- FAB, the Czech Republic's leading lock producer with a total market share exceeding 70% and sales of approx. 150 MSEK. FAB also has a strong position in Slovakia
- Abloy Security Pte Ltd in Singapore with sales amounting to approx. 20 MSEK.

Financial position

The total assets of ASSA ABLOY have increased by 2450 MSEK to 7455 MSEK through the acquisition of the Vachette Group, which is also the main reason for the

change of the net debt. The net debt has during the first six months of 1997 increased by 1581 MSEK and now amounts to 3666 MSEK (2085).

Through the consolidation of the French units, all balance sheet related key figures have been affected negatively as the Vachette Group contributed with only just over a month to the result.

Employees

The number of employees at the end of the first half of the year 1997 had increased to somewhat over 8600 as a result of the acquisition of the Vachette Group.

Forecast

The expectation of a continued good profit development for ASSA ABLOY in 1997 expressed in the Annual Report remains unchanged.

Financial information

Interim report (1 January-30 September):	13 November, 1997
Year-End Report 1997:	5 February, 1998
Annual Report 1997:	March, 1998

This interim report has been subject to a limited review by the company auditors.

ASSA ABLOY is the world's leading lock group with sales exceeding 7 000 MSEK. The number of employees is approx. 8 600. ASSA ABLOY develops, manufactures and markets mechanical, industrial, electromechanical and electronic locks and hotel locks. The group has market leading positions in Sweden, Finland, Norway, Denmark, Germany, France, Belgium, the Czech Republic and in the United States as well as within the segment for hotel security world-wide.

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FINANCIAL INFORMATION

Consolidated Income Statement

MSEK	1997-01-01 1997-06-30	1996-01-01 1996-06-30
Sales	3 035.4	2 315.7
Cost of goods sold	- 1 959.9	- 1 490.4
Operating margin	**1 075.5**	**825.3**
Administrative costs	- 737.3	- 601.5
Operating result before goodwill depreciation	**338.2**	**223.8**
Goodwill depreciation	- 39.6	- 23.0
Operating result	**298.6**	**200.8**
Financial net	- 77.1	- 56.2
Share of result in associated companies	3.7	4.2
Result after financial items	**225.2**	**148.8**
Taxes	- 67.6	- 43.2
Net result of the year	**157.6**	**105.6**

Consolidated Balance Sheet

MSEK	1997-06-30	1996-12-31
Intangible fixed assets	2 337.6	1 108.3
Tangible fixed assets	2 193.1	1 662.2
Other fixed assets	161.9	99.6
Inventories	1 194.0	849.1
Receivables	1 272.8	692.8
Other non-interest bearing current assets	171.7	135.4
Liquid assets	124.0	137.0
Total assets	**7 455.1**	**4 684.4**
Shareholders' equity	2 122.5	1 408.5
Minority interests	9.7	9.5
Interest bearing provisions	637.2	574.0
Interest-bearing long term liabilities	2 932.3	1 626.3
Other non-interest bearing long term liabilities	176.4	92.0
Interest-bearing current liabilities	220.0	21.6
Other non-interest bearing current liabilities	1 357.0	952.5
Total liabilities and shareholders' equity	**7 455.1**	**4 684.4**

Sales per Market

		1997-01-01- - 1997-06-30	1996-01-01- - 1996-06-30	% [1]
Sweden, *ASSA, FIX, others*	MSEK	421	376	+12
Finland, *ABLOY*	MFIM	248	209	+19
Norway, *TrioVing, Grorud*	MNOK	244	101	+11
Denmark, *Ruko*	MDKK	120	114	+5
Germany, *IKON*	MDEM	61	57	+2
France, *Vachette, JPM, others*	MFRF	102	-	
United Kingdom, *ASSA, ABLOY, Grorud*	MGBP	9.9	7.1	+8
USA, *Sargent, Curries, Arrow, others*	MUSD	151	131	+12
Hotel locks, *VingCard*	MNOK	314	290	+12
Total	**MSEK**	**3 035**	**2 316**	**+10**

1) The change refers to comparable units

Key Data

	1997-01-01 - 1997-06-30	1996-01-01 - 1996-12-31	1996-01-01 - 1996-06-30
Cashflow before taxes, MSEK	239	469	113
Operating margin, %	35.4	34.3	35.6
Profitmargin (profit before tax), %	7.4	7.0	6.4
Depreciation incl. goodwill	161.7	265.0	128.3
Net investments, MSEK	83	163	68
Shareholders' equity, MSEK	2 123	1 409	1 267
Net borrowings, MSEK	3 666	2 085	2 121
Capital employed, MSEK	5 922	3 640	3 531
Equity ratio, %	28.5	30.1	27.9
Interest cover	4.2	3.4	3.2
Net borrowings / equity	1.73	1.48	1.67
Return on capital employed before goodwill depreciation, %	14.5	20.4	18.4
Return on capital employed, %	12.8	18.3	16.7
Return on shareholders' equity after tax, %	17.9	21.2	19.2
Profit per share after tax and full conversion, SEK	2.38	3.86	1.76
Shareholders' equity per share after full conversion, SEK	32.90	21.75	19.72
Number of shares (1000's)	70 732	64 311	64 311
Number of shares after full conversion (1000's)	72 833	66 349	66 140
Average number of employees	6 618	6 317	6 235